



UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION  
PHILADELPHIA DISTRICT OFFICE  
MELLON INDEPENDENCE CENTER  
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August 8, 2006

VIA FACSIMILE (215) 580-2141  
and FIRST CLASS MAIL

Honorable Jan E. DuBois  
12613 United States Courthouse  
601 Market Street  
Philadelphia, Pennsylvania 19106

Re: SEC v. Michael A. Liberty, et al.  
Civil Action No. 06-1030 (E.D. PA) (JD)

FILED

AUG 9 2006

MICHAEL E. KUNZ, Clerk  
By [Signature] Dep. Clerk

Dear Judge DuBois,

I am writing on behalf of both the Securities and Exchange Commission and defendant Michael A. Liberty in response to your Order, issued July 10, 2006, in which you directed the parties to file a supplemental status report on or before August 9, 2006. Since that time, counsel for the Commission and counsel for Mr. Liberty have engaged in settlement discussions that, at this juncture, have not been successful in moving this matter toward settlement. Therefore, counsel for the respective parties have agreed to meet on August 22, 2006, in order to work out a proposed discovery schedule, which we expect jointly to submit to the Court by August 25, 2006.

I am available to discuss this matter further if Your Honor would like. Thank you for your consideration.

Very truly yours

[Signature]  
Kingdon Kase  
Senior Trial Counsel

cc: Jay A. Dubow, Esquire (via facsimile)